

DRAFT

*LRH*

MEMORANDUM

TO: The Executive to the Assistant Secretary of War

SUBJECT: Status of the Strategic Services Unit

With reference to your memorandum of 18 January 1946, the following information is submitted as a basis for a reply to the request for information from the Chairman of the House Committee on Military Affairs.

The Office of Strategic Services was terminated and all of its personnel, records, property and funds, except those connected with certain functions transferred to the State Department, were transferred to the Department of War by Executive Order 9621, dated 20 September 1945. The same Order transferred to the Secretary of War "the functions of the Director of Strategic Services and of the United States Joint Chiefs of Staff, relating to the functions transferred by this paragraph, \* \* \*". The Executive Order states that, "The Secretary of War shall, whenever he deems it compatible with the national interest, discontinue any activity transferred by this paragraph and wind up all affairs relating thereto." This Order was effective 1 October 1945.

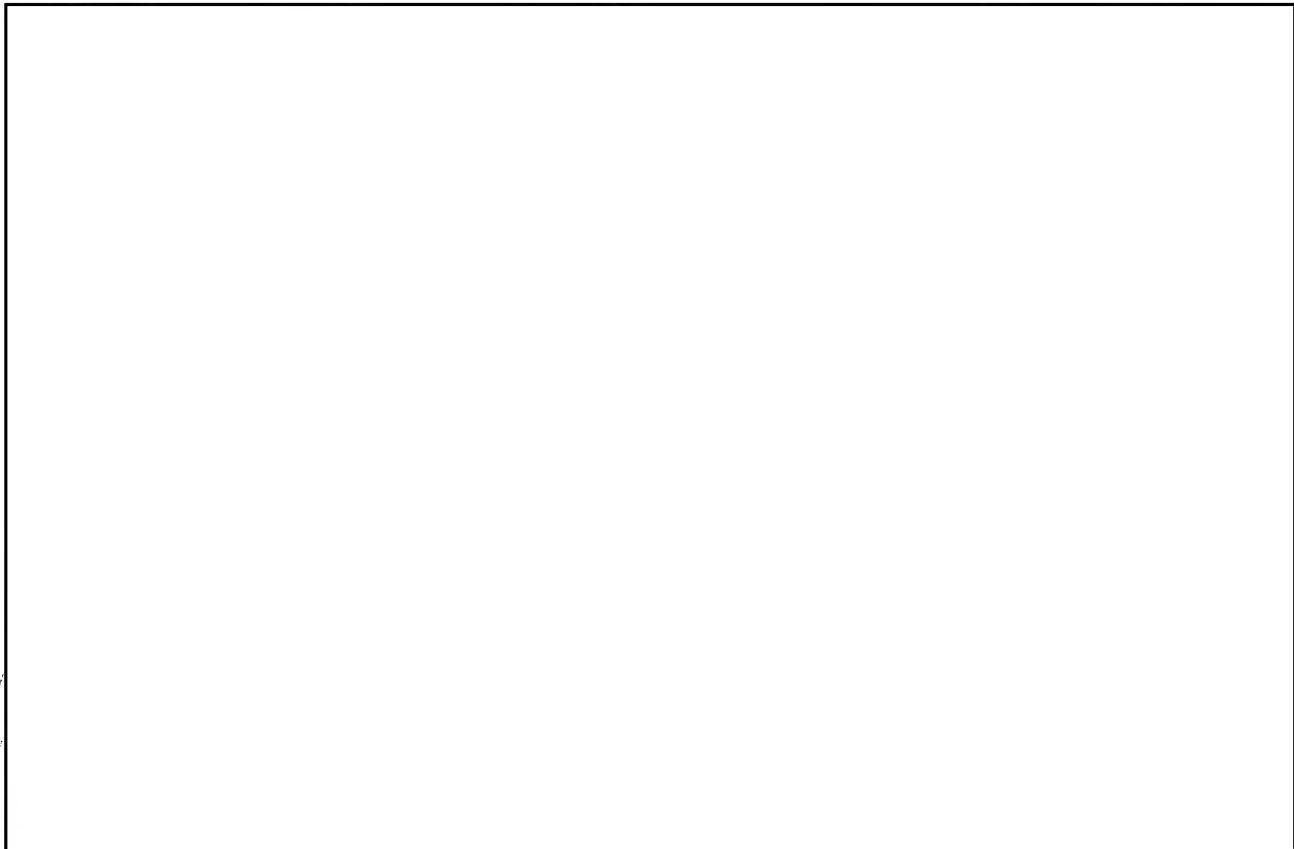
By a letter of 27 September 1945, the Secretary of War, Mr. Patterson, established the Strategic Services Unit to carry out the functions transferred to the War Department and directed it to continue the program of liquidation of activities and personnel no longer necessary or desirable, and to "preserve as a unit such of these functions and facilities as are valuable for permanent peace-time service or which may be required for theater commanders

-2-

or occupational authorities to assist in the discharge of their responsibilities". Supervision of the unit was assigned to the Assistant Secretary of War. Further detailed instructions were given the Director of the Strategic Services Unit in a memorandum from Mr. McCloy, then the Assistant Secretary of War, which pointed out that in reviewing the facilities of the Office of Strategic Services for appropriate disposition it would be necessary to maintain close liaison with the Bureau of the Budget, the State Department and other agencies of the War Department, "to insure that the facilities and assets of O.S.S. are preserved for any possible future use, so far as not presently to be liquidated in any event by reason of the termination of hostilities". Mr. McCloy further specified that any integration of its activities with those of other agencies of the War Department should proceed only after consultation with the Bureau of the Budget and the State Department in accordance with the wishes of the President, expressed in a letter of 20 September to the Secretary of State, that the Secretary of State take the lead in surveying the field of intelligence operations.

In accordance with the above directives, the Strategic Services Unit has continued the process of liquidation begun by O.S.S. upon the termination of hostilities, and has completed the elimination of those functions which related directly to combat activity and the operations of the various armies in the field. In answer to Mr. May's first question, the following figures are given for the dates of 1 October, when the Unit was established, to 11 January, which is the latest date <sup>for</sup> on which adequate figures

are available:



STAT

With regard to the second question, the Strategic Services Unit is engaged in certain activities in the various active theaters which are directed and coordinated by the headquarters in Washington. These activities are of a dual nature. On one hand, there are staffs in former zones of hostilities engaged in the process of completing the liquidation of the establishments and personnel in those areas, and handling the legal and financial problems arising out of war-time activities. These are mere skeleton staffs engaged in primarily administrative duties. On the other hand, there are certain continuing intelligence activities

-4-

which are being carried on at the request of various theater commanders.

As noted in the first paragraph of this memorandum, the basic authority and direction is placed in the Secretary of War. Mr. Patterson delegated this authority to Brig. Gen. John Magruder with directions to report to the Assistant Secretary of War. In view of the President's desire, expressed in his letter to the Secretary of State of 20 September 1945, to have the Secretary of State take the lead in surveying the field of intelligence, the unit has been maintained by the War Department as a separate entity in the office of the Assistant Secretary of War.

STAT

In answer to the last question, eighty-six new civilian appointments have been made since 1 October. Seventy-five of these, however, represent changes in status within the organization from military to civilian, or were occasioned by re-employment rights of veterans. The eleven new employees were hired either for special qualifications and liquidation processes, such as accounting and contract termination, or to fill key positions.

-5-

Because of the nature of the operations of this unit, it is felt that it would not be appropriate to release a list of the names and activities of its employees. Where specific information is requested on individual cases, consideration will be given to what information can be released without impairing security.

LRH:mbt